

Serial No. 10/809,158

PD-203061

REMARKS

Claims 1, 3-8, 10-13 and 36-37 are pending in the present application. Reconsideration of the claims is respectfully requested.

I. 35 U.S.C. § 103

Claims 1, 3-9, 11-13 and 36 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Admitted Prior Art (APA) of pages 1-3 of the instant specification in view of Limelett (6,899,276). Claim 10 was rejected as being unpatentable of APA in view of Limelette and in view of APA2. Claims 1, 2-9, 11-13 and 36 were rejected as being unpatentable over APA in view of Roshkoff (6,042,149) or alternatively Roshkoff in view of APA. These rejections are respectively traversed.

In rejecting the claims, the Examiner states that APA comprises the placing of a Smart Card having a bar code in an envelope that is preprinted with a license agreement and then sealing the envelope. The envelope has a window that makes the bar code visible without opening the envelope. The opening of the preprinted envelop indicates acceptance of the agreement by the customer. This APA lacks the use of a film for packaging and lacks the use of a licensing agreement that is larger than the footprint of the package. Limelette shows the wrapping of a data-encoded card in a polypropylene film that comprises a window portion to provide visibility of the card. Roshkoff shows the wrapping of Smart Card 18 in transparent plastic film 10 that provides visibility of bar code printed on the Smart Card and with the exterior surface of the film 14 carrying printed matter. In both cases, the Examiner states that it would have been obvious to one skilled in the art to use a film (as taught by Limelette or Roshkoff) to package the Smart Card of the APA instead of paper envelope.

Claims 1 and 36, as amended, claim an anti-static treated polypropylene/polyethylene file 0.50 to 1.75 mil thick preprinted with a licensing agreement, pulling the next card from a card feeder 'without touching the electronic' module', and passing the film over an anti-static bar prior to wrapping to form the package. See p. 6, l. 25-29; p. 9, l. 11-16; p. 10, l. 4-6. Claim 13 as dependent from claim 1 and claim 36 further recite that the embedded module is encoded with certain

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identification, service and security information for use with an integrated receiver decoder (IRD) set-top boxes and a digital video recorder (DVR) to provide secure satellite television services. See p. 2, l. 28-32. Claims 4 and 37 specify that the license agreement wraps around the smart card (access card). Roshkoff affixes the label to the container, clearly any printing particularly a legally binding license would not be wrapped around to the back of the label.

Applicant reaffirms its position that the combination as claimed in claims 1 and 36 and dependent claims 3-9 and 11-13 are nonobvious over the prior art of record. Applicant specifically notes that the cited art does not teach using both an anti-static treated film and an anti-static bar to protect the module, the claimed thickness range of the film, or pulling the smart card from the feeder without touching the module. Conventional kitting machines use a roller that contacts the entire surface of the card as it pulls it from the feeder. This combination of features is not common knowledge in the packaging art and not merely a matter of experimentation.

To support Applicant's position of nonobviousness we are submitting the declaration of the inventor Pelegrin Torres Jr. under 37 CFR 1.132. As presented in Mr. Torres' declaration there is a close nexus between the merits of the claimed invention and the evidence of the criticality of the results and commercial success. The claimed method was critical to protect the Smart Card, provide an enforceable license and to provide the high throughput required by DIRECTV and has achieved considerable commercial success for DIRECTV because the invention achieved all three requirements. The commercial success is commensurate with the scope of the claims and is derived from the claimed invention.

Applicant respectfully submits that the evidence of nonobvious overcomes the Examiner's grounds for rejection. Applicant asks that the rejection be withdrawn and a notice of allowance issued.

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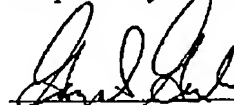
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II. Conclusion

It is respectfully urged that the subject application is patentable over the cited references and is now in condition for allowance.

The Examiner is invited to call the undersigned at the below listed telephone number if, in the opinion of the Examiner, such a telephone conference would expedite or aid the prosecution and examination of this application.

Respectfully submitted,



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Registration No. 33,179

ATTORNEY FOR APPLICANTS

Date: May 14, 2007

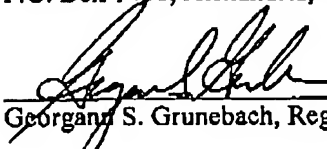
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CERTIFICATE OF MAILING OR TRANSMISSION UNDER 37 CFR 1.8

I hereby certify that this correspondence is being facsimile transmitted to 571-273-8300 (Centralized Facsimile Number), addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450, on May 14, 2007 by Georgann S. Grunebach.

 (Signature) May 14, 2007 (Date of Signature)
Georgann S. Grunebach, Registration No. 33,179

Customer Number 020991

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:	Pelegriñ Torres Jr.
Group Art Unit:	3721
Confirmation No:	7382
Serial No:	10/809,158
Examiner:	Sipos, John
Filed:	March 25, 2004
Docket No.:	PD-203061
For:	Method and System for Kitting Smart Cards with a Shrink Wrap License

TO THE COMMISSIONER FOR PATENTS

DECLARATION BY Pelegriñ Torres Jr. UNDER 37 CFR 1.132

I, Pelegriñ Torres Jr., hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true. I further declare that I have full knowledge and understanding of the fact that willful false statements and the like made herein are punishable by fine or imprisonment, or both, under 18 U.S.C. 1001, and that any such statements may jeopardize the validity of the above-referenced application or of any patent granted on it.

1. I am the sole inventor in the U.S. patent application captioned above.
2. I have worked for DIRECTV/Hughes for 21 years. At the time of the invention I was a Staff Engineer II on the Kitting Machine Program. I am currently a Project Manager.
3. At the time of the invention, I was responsible for establishing DIRECTV's Access Card Personalization and Distribution Center. The Center was established to program and ship directly large quantities of access cards for use by DIRECTV customers and business partners such as set top box manufacturers, dealers, and others. The Kitting machine function was one part of my overall responsibility.

4. DIRECTV was required by its in house legal department as a mandate under DIRECTV's corporate policy to eliminate access card piracy to apply licensing agreements on its access cards to better protect its investment in the event the access card was found to be improperly used by access card pirates. It was originally anticipated by my department (DIRECTV Access Card Operations) that these licensing agreements were to be printed on a standard #10 envelope which held a single DIRECTV access card. However, it was determined through analysis and investigation that there was a problem in using a #10 envelope to serve as a shipping means for the conditional access cards. The problem was that the #10 envelope, when boxed in groups of 500 units, required too much space in the warehouse that was used to secure access cards. DIRECTV's volumes required that we (DIRECTV Access Card Operations) keep on hand some 2 to 3 million units to support the various business functions requiring access cards. It is important to note that at this time DIRECTV distributed on average, 1 million of these units (access cards in envelopes) to its business partners per month. The size of these boxed units required that DIRECTV utilize larger crates to ship needed quantities of access cards to its partners.
5. The initial solution was to look at the packaging of the access cards. The #10 envelope was a good solution but it left significant unused space around the access card. If you were to place a standard credit card into a mailing envelope (a standard #10) you would note that the credit card fit in a very small area of the envelope and that you had a lot of unused space left over. The initial idea was to use the same technique used in packaging baseball cards as they are roughly the same size as a DIRECTV access card. The machine used to "kit" baseball cards would need some modifications but the idea was sound. I contracted Delta System Inc. to produce, based on my requirements, an access card kitting machine.
6. DIRECTV Legal approved licensing which was small enough to print on packaging that was slightly larger than the DIRECTV access card itself. The methodology used to package the access card was roughly the same used to package baseball cards. Modifications were made to the kitting machine to protect the module imbedded on the DIRECTV access card from being damaged. How the equipment gathers the access card had to be modified so as not to damage the electronics imbedded within the access card. More specifically, the roller that pulls the next access card from the card feeder was modified so that the roller does not touch the electronic module inside the access card. Modifications were also made to the machine to guard against static electricity which is also known to damage modules imbedded in DIRECTV access cards. More specifically, the film was passed over an anti-static bar that was added to the machine.
7. During the initial test phases of the kitting machine, DIRECTV engineers discovered that the original film used to package DIRECTV access cards could

create enough static electricity to damage the electronic module housed inside the access card itself. When running at higher speeds to achieve the required throughput the film, which had the DIRECTV licensing printed on it, could generate enough static electricity to damage the access cards even though the film was being passed over an anti-static bar.

8. At DIRECTV's instruction, Deluxe Packaging a company skilled in developing standard and custom packaging materials, created a polypropylene/polyethylene film treated with an anti-static coating to further protect the access cards during the kitting process. The special film allowed for the required licensing information to be printed on it as required by DIRECTV Legal. Another challenge related to this was that the film needed to be of a light enough gage, 0.50 to 1.75 mil thick, that it would not jam the kitting machine. These three elements had to be in place in order to protect the module imbedded in the DIRECTV access card and to allow for the necessary throughput required by the business.
9. As a result of these requirements, improvements, and resolutions, DIRECTV had the ability to produce kitted access cards at a rate that conformed to its usage requirements and allowed significant volumes of access cards to be distributed to its customers and business partners with a cost savings in storage of the completed and kitted cards. Furthermore, the cards handled through the modified kitting machine were neither crushed, nor negatively impacted by electrostatic charge.
10. The original access card fulfillment process for which we developed the modified kitting machine and method of shipping same entailed DIRECT shipping access cards to our Fulfillment Vendor (FV) in Toronto, Canada and having the FV place individual access cards into #10 envelopes. These envelopes would be grouped in stacks of 500 and placed into boxes then returned to DIRECTV in Los Angeles, California. The cost for placing the card into a #10 envelope was \$.21 per access card processed. This did not include shipping costs from Toronto to Los Angeles. As a result of the implementation of the modified Kitting machine and process, DIRECTV was able to eliminate the shipping costs as it had moved the function in house to its production facility in Los Angeles. Furthermore it was able to significantly cut the cost of packaging each access card (from \$.21 to \$.08). Again it is important to note that the volume of access cards submitted to this process averaged one million cards per month, making the saving to DIRECTV significant.
11. The original process yielded boxes of access card that measured 20 1/2 X 16 X 4 1/2. These boxes held 500 access cards placed in #10 envelopes. The kitting process yielded boxes of access cards which measured 17 X 10 1/2 X 3 1/4, a full 1/3rd the size of the boxes resulting from the original process. This decrease in overall volume resulted in a decrease in overall shipping costs. The decrease in

overall volume also resulted in a decrease in storage costs because access cards have to be kept under very secure conditions.

12. As a direct result of the kitting process claimed in the aforementioned US patent application, DIRECTV was able to; (a) better protect its significant investment in their conditional access cards through a modified machine and fulfillment process (b) provide a legal means (printed license on film) to enforce their rights in the event the access card was found to be improperly used by pirates and (c) implement all changes at considerable cost savings to DIRECTV. Ultimately, the commercial success of the kitting program has resulting in the savings of millions of dollars to DIRECTV.

By:


Pelegrin Torres Jr.

Dated:

